

OUR FORENSIC "SNIFF" TEST AND WHAT IT CAN DO FOR YOUR BUSINESS



The FBI and American Association of Certified Fraud Examiners estimate losses from fraud and other white-collar crimes to be up to \$600 billion per year.



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Running a start-up or small business typically means striking the right balance between profit and overhead. But with the endless demands of being an entrepreneur, many business owners lack the time and resources to properly ensure that their business is operating at 100% efficiency with all the necessary internal controls in place. This can leave their business susceptible to financial losses, legal issues, and even a tarnished company reputation.

What is Forensic "Sniff" Test?

A forensic review, or "sniff" test, is a quick but detailed assessment of a company's books, internal controls and/or related accounting operations. The goal of this test is to help protect business interests and reputation by identifying potential challenges around financial systems, optimization, and security. This proactive approach can potentially save a business from the headache of an expensive and time-consuming audit or fraud investigation down the road.

Hiring a forensic accountant to perform a "sniff" test can be of significant value, especially to growing businesses. Using investigatory and analytic skills, they are able to identify financial weak spots and misappropriations and offer solutions to get a business back on track.

Traditional vs Forensic Accounting

While a traditional accounting firm manages the balancing of books and record maintenance, a forensic accountant gathers and analyzes data in order to detect and prevent fraudulent activity. Similar to a financial detective investigating fraud or monetary irregularities, they collect evidence, conduct interviews, and advise on the financial aspects of legal disputes. Forensic accounting is a specialty practice area of the field and continues to grow at a rate of 7.8% per year.

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A CPA must complete extensive education and training in order to obtain forensic accounting certification credentials. The role of a forensic professional is quite diverse and covers:

- Fraud investigations
- Analyzing damages and quantifying losses
- Professional negligence claims
- Business/Asset valuation as part of a marital or corporate partnership dispute
- Assisting with data protection issues
- Cybercrime prevention and support

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Overview of Potential Benefits

Consider the advantages to be gained from hiring a forensic accountant for a basic “sniff test” or even an on-going long-term role:

Minimized losses – with expertise in fraud related activity and a keen eye for anomalies and irregular patterns, a thorough analysis of accounts can substantially reduce financial loss for a company going forward.

Improved Efficiency – familiar with best practices for business and financial operations, a forensic accountant can identify opportunities to improve efficiency.

Reduced Exploitation Risk – potential risk can be managed through solidified processes and strengthened financial operations, leading to reduced opportunity for exploitation.

Avoidance of Legal Problems – with thorough checks and analysis of business records and systems, a forensic accountant can reduce the likelihood of fraudulent activity and help you or your business to avoid subsequent legal problems.

In Summary

The digital era that we currently live in facilitates a prime environment for criminals, making it easier for them to tamper with accounts and cover their tracks, especially as businesses rely so heavily on today’s technology. By hiring a forensic accountant to do a “sniff test,” you will be taking a proactive approach to your company’s accountancy, systems and operations and brand reputation.

At Neumeister & Associates, we offer affordable forensic services that can provide peace of mind to owners and key decision makers about the financial well-being of the business. Our team can provide a fast, detailed overview of financial activities, uncover evidence of fraud, and help guide your venture towards a more successful future. Connect with us today and proactively safeguard your business!

References

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